



## Highlights of the 2005-07 Part I Budget Instructions





## Contents and New Items

- **The Part I instructions:**
  - Describe the state's strategic planning and performance management framework
  - Outline strategic planning requirements
  - Performance measurement requirements for the budget submittal
- **New to the 2005-07 Instructions**
  - Agency strategic plans are due May 1, 2004
    - No additional budget jump start materials are required in the spring
    - Performance measures are still due with the agency budget submittal
  - Some required plan elements have changed
  - Agencies will link performance measures to activities rather than goals

On the May 1 deadline:

Any plan will be based on the best available information at the time.

We understand that these plans will be more draft in nature than the plans that used to be submitted in late summer

Given the flow of the budget development process as we will discuss today, the key components of the plans are most useful in the spring and early summer

Good information in hand at the right time is more useful than more perfect data in hand too late to be of the most use.



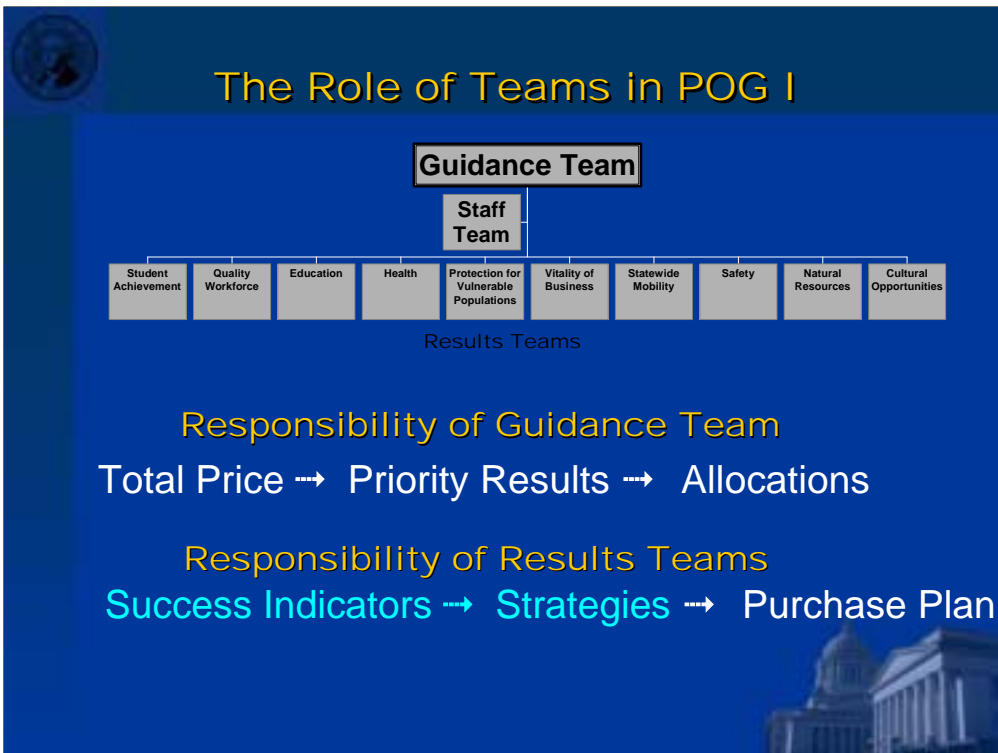
## Priorities of Government (POG)

### Strategic Framework:

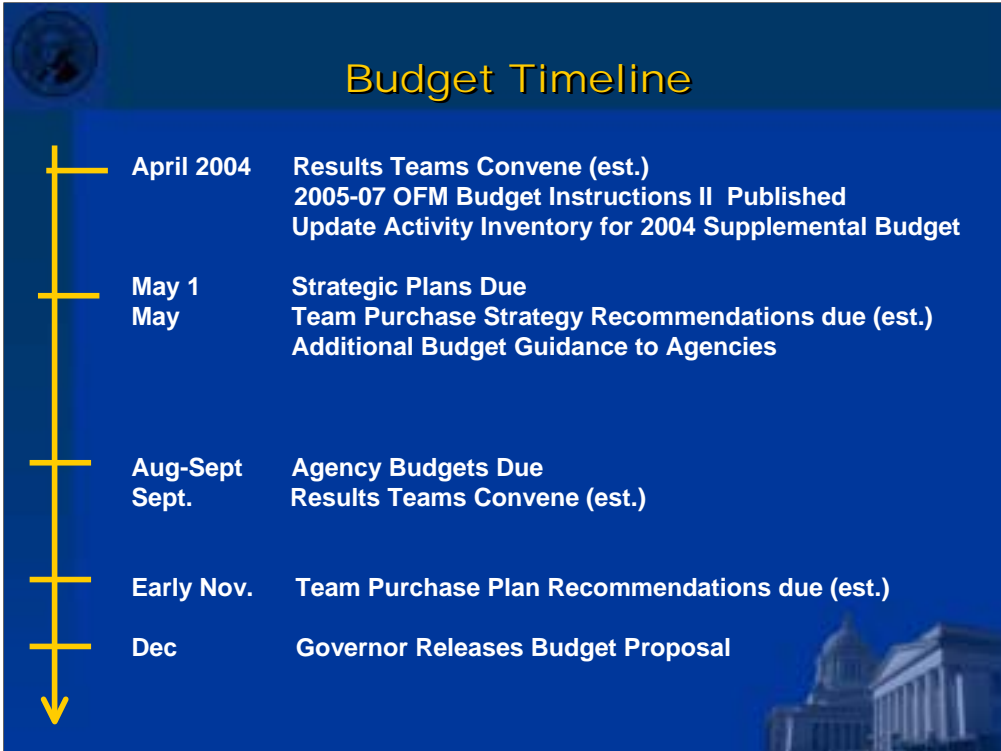
- What are the results that citizens expect from government?
- What strategies are most effective in achieving results?
- Given the money available, which activities should we buy to implement those strategies?
- How will we measure progress?



This approach proved effective in helping budget decision makers better understand the activities, costs and outcomes of state government , from the view of the entire enterprise. OFM will use this framework for the 2005-07 budget development and we have made changes to the strategic planning and performance measures requirements of the past two biennia to better support this framework.



This year we are considering a similar structure and roles, but may break up the work of the results teams into two pieces—looking at indicators and high-level purchase strategies in the spring, and reconvening in the fall after the budget submittals are in and making recommendations on a detailed purchase plan.



Here is the current thinking on our budget development timeline.



## First Set of Result Team Tasks

- Information and analysis will help Results Teams make purchase strategy recommendations:
  - Review the indicators selected by the previous team to portray high-level results.
    - <http://www.ofm.wa.gov/budget/results.pdf>
  - Identify progress to date on achieving the intended results and outline any key performance gaps
  - Learn more about the activities in each result area
  - Examine research and best practices on how to best achieve results
  - Understand factors in the external environment, trends in client characteristics, and other issues that will affect the state's ability and capacity to achieve results



To make recommendations on the high-level purchase strategies, Result Team members will likely consider a variety of information. Agency strategic plans and activity descriptions will play a key role in educating team members about the factors and strategies that will influence the delivery of results.

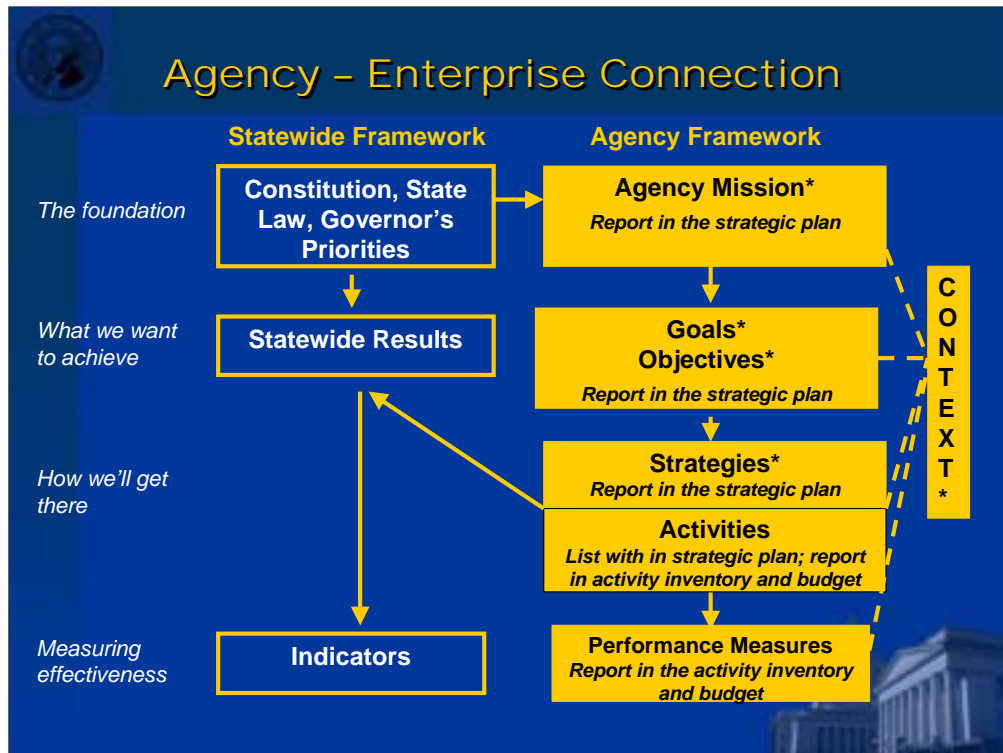


## Strategic Plans are Key

Agency strategic plans and activity descriptions will play a key education role as OFM and Results Teams struggle with these questions:

- What are the most effective strategies and activities in which to invest?
- How do we know we are purchasing these activities at the best possible price?
- Given financial and other constraints, how can we maximize the results that citizens want?





The POG framework helps put an agency's mission, objectives and strategies into the context of statewide priorities and results.

The starred items in the yellow boxes make up the required elements of the agency strategic plan that must be submitted to OFM. This year we are not asking that performance measures be included in the plan itself:

- Agencies may not be able to settle on performance targets until they have settled on their budget proposal.
- The performance measures will be reported as part of the activity budgeting system—there is no need to make agencies repeat these in the plan.

As in the past we ask that the strategic plan include the agency mission, goals and objectives that define where an agency wants to be and a description of the strategies the agency intends to use to get there.

This year we also want help in understanding the connection between agency strategies, the activities they affect and statewide results.

The activity inventory already provides us with the link of activities and their expected outcomes with statewide results.

This year we're asking agencies to identify which activities (by name) are involved with the strategies listed in the strategic plan to help us better understand the connection between activities, strategies and statewide results.





## Objectives - Clarification

Objectives break down goals into smaller, more specific pieces. They describe measurable results an agency is expected to accomplish within a time period.

- We have removed the word “target” from the definition.
- An objective statement describes the result that will be measured
- The target would be set in the performance measure



We made a slight clarification in the definition of an objective.



## Strategies

- Strategies are statements of the methods for achieving goals. Strategies guide the activities that the agency uses to achieve goals and objectives.
  - In your strategy descriptions, help us understand how the strategy is important to achieving agency goals and/or statewide results.
  - Please reference the activities that are involved in implementing the strategy.
    - Just the activity title is fine, we have the activity description information in the system
    - If all activities are involved, just say so.
    - We're not looking for anything elaborate, just a simple reference of some kind



We've asked for a bit of elaboration in the strategy discussion to help us understand the link to statewide results, if appropriate, as well as more targeted agency goals.



## Context Information

- Appraisal of external environment
- Trends in customer or client characteristics
- Strategy and capacity assessment
- Performance assessment
- Financial health assessment
- Description of cost reduction strategies
- Discussion of activity links and major partners



Most of this context information we have asked for in the past and the kind of information we discussed earlier that will prove valuable to OFM and the Result Teams. (Items in white are new.) What are the trends and constraints that will affect the delivery of results? What capacity and revenue trends are you facing as an agency? How do you view your agency's progress in meeting performance targets? What can you tell us about your efforts to reduce costs and to achieve results in the most efficient manner possible? What do we need to know about key connections between your activities or major agency or other partners?



## Performance Measures

- Agencies will link performance measures to activities rather than agency goals
- Performance measures will be entered into the new Activity Information component of BDS.
- Information will be coming soon on how to work with OFM to identify data in PMTES that should be moved automatically to the new system. Data conversion deadline = February 20.
- Ideally all activities should have measurable outcomes.
  - All activities will need to have either a performance measure or expected result statement
  - Many activities may share one or more performance measures



Performance measure orientation moves from agency goal to agency activity. We will be working with agencies to transition data.



## New Business Plan Requirements

- The business plan requirements add some new elements to the those previously requested and organize the requirements in a more standard business plan outline.
  - Business Mission
  - Business Description
  - Marketing Plan
  - Operational Production Plan
  - Performance Assessment
  - Strategic Assessment
  - Financial Plan - Due with Budget
  - Performance estimates - Due with Budget





Questions?

